

<i>SERFF Tracking Number:</i>	<i>GEFA-126151527</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Continental Insurance Company</i>	<i>State Tracking Number:</i>	<i>42378</i>
<i>Company Tracking Number:</i>	<i>MSR-ACIC</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>Med Supp</i>		
<i>Project Name/Number:</i>	<i>ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC</i>		

Filing at a Glance

Company: American Continental Insurance Company

Product Name: Med Supp	SERFF Tr Num: GEFA-126151527	State: ArkansasLH
TOI: MS06 Medicare Supplement - Other	SERFF Status: Closed	State Tr Num: 42378
Sub-TOI: MS06.000 Medicare Supplement - Other	Co Tr Num: MSR-ACIC	State Status: Pending Fees
Filing Type: Form	Co Status:	Reviewer(s): Stephanie Fowler
	Author: Cindy Petty	Disposition Date: 05/21/2009
	Date Submitted: 05/13/2009	Disposition Status: Accepted For Informational Purposes
Implementation Date Requested: On Approval		Implementation Date:
State Filing Description:		

General Information

Project Name: ACIC 2008 Med Supp Refund Calc Forms	Status of Filing in Domicile: Not Filed
Project Number: MSR-ACIC	Date Approved in Domicile:
Requested Filing Mode: Informational	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Group Market Size:
Overall Rate Impact:	Group Market Type:
Filing Status Changed: 05/21/2009	Explanation for Other Group Market Type:
	State Status Changed: 05/13/2009
Deemer Date:	Corresponding Filing Tracking Number:
Filing Description:	

Enclosed for your records are the Medicare Supplement Refund Calculation Forms for Calendar Year 2008 and the 2008 Reporting for the calculation of benchmark ratio since inception for individual policies.

No refunds are called for under the calculations.

SERFF Tracking Number: GEFA-126151527 State: Arkansas
Filing Company: American Continental Insurance Company State Tracking Number: 42378
Company Tracking Number: MSR-ACIC
TOI: MS06 Medicare Supplement - Other Sub-TOI: MS06.000 Medicare Supplement - Other
Product Name: Med Supp
Project Name/Number: ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC

Company and Contact

Filing Contact Information

Cynthia Petty, Compliance Team Leader cindy.petty@genworth.com
101 Continental Place (800) 264-4000 [Phone]
Brentwood, TN 37027 (615) 373-0272[FAX]

Filing Company Information

American Continental Insurance Company	CoCode: 12321	State of Domicile: Tennessee
101 Continental Place	Group Code: 4011	Company Type: Life and Health
Brentwood, TN 37027	Group Name:	State ID Number:
(615) 377-1300 ext. [Phone]	FEIN Number: 20-2901054	

Filing Fees

Fee Required? No
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Continental Insurance Company	\$0.00	05/13/2009	

<i>SERFF Tracking Number:</i>	<i>GEFA-126151527</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Continental Insurance Company</i>	<i>State Tracking Number:</i>	<i>42378</i>
<i>Company Tracking Number:</i>	<i>MSR-ACIC</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>Med Supp</i>		
<i>Project Name/Number:</i>	<i>ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC</i>		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Accepted For Informational Purposes	Stephanie Fowler	05/21/2009	05/21/2009

<i>SERFF Tracking Number:</i>	<i>GEFA-126151527</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Continental Insurance Company</i>	<i>State Tracking Number:</i>	<i>42378</i>
<i>Company Tracking Number:</i>	<i>MSR-ACIC</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>Med Supp</i>		
<i>Project Name/Number:</i>	<i>ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC</i>		

Disposition

Disposition Date: 05/21/2009

Implementation Date:

Status: Accepted For Informational Purposes

Comment:

Rate data does NOT apply to filing.

<i>SERFF Tracking Number:</i>	<i>GEFA-126151527</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Continental Insurance Company</i>	<i>State Tracking Number:</i>	<i>42378</i>
<i>Company Tracking Number:</i>	<i>MSR-ACIC</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>Med Supp</i>		
<i>Project Name/Number:</i>	<i>ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC</i>		

Item Type	Item Name	Item Status	Public Access
Supporting Document	Flesch Certification		Yes
Supporting Document	Application		Yes
Supporting Document	Health - Actuarial Justification		Yes
Supporting Document	Outline of Coverage		Yes
Supporting Document	Med Supp Refund Calc Forms	Accepted for Informational Purposes	Yes

<i>SERFF Tracking Number:</i>	<i>GEFA-126151527</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>American Continental Insurance Company</i>	<i>State Tracking Number:</i>	<i>42378</i>
<i>Company Tracking Number:</i>	<i>MSR-ACIC</i>		
<i>TOI:</i>	<i>MS06 Medicare Supplement - Other</i>	<i>Sub-TOI:</i>	<i>MS06.000 Medicare Supplement - Other</i>
<i>Product Name:</i>	<i>Med Supp</i>		
<i>Project Name/Number:</i>	<i>ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: *GEFA-126151527* *State:* *Arkansas*
Filing Company: *American Continental Insurance Company* *State Tracking Number:* *42378*
Company Tracking Number: *MSR-ACIC*
TOI: *MS06 Medicare Supplement - Other* *Sub-TOI:* *MS06.000 Medicare Supplement - Other*
Product Name: *Med Supp*
Project Name/Number: *ACIC 2008 Med Supp Refund Calc Forms/MSR-ACIC*

Supporting Document Schedules

Satisfied -Name: Med Supp Refund Calc Forms **Review Status:**
Accepted for Informational 05/21/2009
Purposes

Comments:

Attachment:

ACIC - AR Med Supp Refund Calcs (Ind Std).pdf

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR 2008

Type Individual SMSBP (w) A
 Delivered or Issued for Delivery in Arkansas
 Company Name American Continental Insurance Company
 NAIC Group Code 4011 NAIC Company Code 12321
 Address 101 Continental Place, Brentwood, Tennessee 37027
 Person Completing This Exhibit Richard Waggoner, FSA, MAAA
 Title Actuary Telephone Number (615) 377-1300 x7220

<u>Line</u>	(a) Earned Premium (x)	(b) Incurred Claims (y)
1. Current Year's Experience		
a. Total (all policy Years)	734	171
b. Current year's issues (z)	734	171
c. Net (for reporting purposes = line 1a - line 1b)	0	0
2. Past Years' Experience (All Policy Years)	0	0
3. Total Experience (Net Current Year plus Past Years' Experience)	0	0
4. Refunds Last Year (Excluding Interest)	0	
5. Previous Refunds Since Inception (Excluding Interest)	0	
6. Refunds Since Inception (Excluding Interest)	0	
7. Benchmark Ratio Since Inception (SEE WORKSHEET FOR RATIO 1)	N/A	
8. Experienced Ratio Since Inception		
$\frac{\text{Total Actual Incurred Claims (line 3, col. b)}}{\text{Total Earned Prem. (line 3, col. a) - Refunds Since Inception (line 6)}} = \text{Ratio 2} \quad \frac{0}{0} = \text{N/A}$		

9. Life Years Exposed Since Inception 0

If the Experience Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.

10. Tolerance Permitted (obtained from credibility table) Not Credible

11. Adjustment to Incurred Claims for Credibility

$$\text{Ratio 3} = \text{Ratio 2} + \text{Tolerance} =$$

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.

If Ratio 3 is less than the Benchmark Ratio, then proceed.

12. Adjusted Incurred Claims =

[Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6)]
x Ratio 3 (line 11)

13. Refund =

No Refund

Total Earned Premiums (line 3, col a) -
Refunds Since Inception (line 6) -
Adjusted Incurred Claims (line 12)
Benchmark Ratio (Ratio 1)

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

MEDICARE SUPPLEMENT CREDIBILITY TABLE

Life Years Exposed		
	<u>Since Inception</u>	<u>Tolerance</u>
10,000 +		0.0%
5,000 - 9,999		5.0%
2,500 - 4,999		7.5%
1,000 - 2,499		10.0%
500 - 999		15.0%

If less than 500, no credibility.

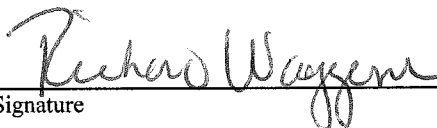
(w) "SMSBP" = Standard Medicare Supplement Benefit Plan.

(x) Includes modal loadings and fees charged.

(y) Excludes Active Life Reserves.

(z) This is to be used as "Issue Year Earned Premium" for Year 1 of next year's
"Worksheet for Calculation of Benchmark Ratios."

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.


Signature

Richard Waggoner, FSA, MAAA
Name

Actuary
Title

5/6/2009
Date

REPORTING FORM FOR THE CALCULATION
OF BENCHMARK RATIO SINCE INCEPTION FOR
INDIVIDUAL POLICIES FOR CALENDAR YEAR 2008

Type	Individual	SMSBP (w)	A
Delivered or Issued for Delivery in	Arkansas		
Company Name	American Continental Insurance Company		
NAIC Group Code	4011	NAIC Company Code	12321
Address	101 Continental Place, Brentwood, Tennessee 37027		
Person Completing This Exhibit	Richard Waggoner, FSA, MAAA		
Title	Actuary	Telephone Number	(615) 377-1300 x7220

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)
	Earned			Cumulative				Cumulative		Policy
Year	Premium	Factor	(b) x (c)	Loss Ratio	(d) x (e)	Factor	(b) x (g)	Loss Ratio	(h) x (i)	Year Loss Ratio
1		2.770		0.442		0.000		0.000		0.40
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15+		4.175		0.493		8.684		0.725		0.77
TOTAL		(k):	0	(l):	0	(m):	0	(n):	0	

Benchmark Ratio Since Inception (l+n)/(k+m): N/A

(a): Year 1 is the current calendar year - 1
Year 2 is the current calendar year - 2 (etc.)
(Example: If the current year is 1991, then:
Year 1 is 1990; Year 2 is 1989, etc.)

(b): For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

(o): These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for Informational purposes only.

(p): "SMSBP" = Standard Medicare Supplement Benefit Plan.

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR 2008

Type Individual SMSBP (w) D
 Delivered or Issued for Delivery in Arkansas
 Company Name American Continental Insurance Company
 NAIC Group Code 4011 NAIC Company Code 12321
 Address 101 Continental Place, Brentwood, Tennessee 37027
 Person Completing This Exhibit Richard Waggoner, FSA, MAAA
 Title Actuary Telephone Number (615) 377-1300 x7220

Line	(a) Earned Premium (x)	(b) Incurred Claims (y)
1. Current Year's Experience		
a. Total (all policy Years)	6,645	977
b. Current year's issues (z)	389	110
c. Net (for reporting purposes = line 1a - line 1b)	6,256	867
2. Past Years' Experience (All Policy Years)	807	340
3. Total Experience (Net Current Year plus Past Years' Experience)	7,063	1,207
4. Refunds Last Year (Excluding Interest)	0	
5. Previous Refunds Since Inception (Excluding Interest)	0	
6. Refunds Since Inception (Excluding Interest)	0	
7. Benchmark Ratio Since Inception (SEE WORKSHEET FOR RATIO 1)	0.442	
8. Experienced Ratio Since Inception		
$\frac{\text{Total Actual Incurred Claims (line 3, col. b)}}{\text{Total Earned Prem. (line 3, col. a) - Refunds Since Inception (line 6)}} = \text{Ratio 2} = \frac{1,207}{7,063} = 0.171$		
9. Life Years Exposed Since Inception	11	

If the Experience Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.

10. Tolerance Permitted (obtained from credibility table) Not Credible

11. Adjustment to Incurred Claims for Credibility

$$\text{Ratio 3} = \text{Ratio 2} + \text{Tolerance} =$$

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.

If Ratio 3 is less than the Benchmark Ratio, then proceed.

12. Adjusted Incurred Claims =

[Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6)]
x Ratio 3 (line 11)

13. Refund =

No Refund

Total Earned Premiums (line 3, col a) -
Refunds Since Inception (line 6) -
Adjusted Incurred Claims (line 12)
Benchmark Ratio (Ratio 1)

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

MEDICARE SUPPLEMENT CREDIBILITY TABLE

Life Years Exposed		
<u>Since Inception</u>		<u>Tolerance</u>
10,000	+	0.0%
5,000	- 9,999	5.0%
2,500	- 4,999	7.5%
1,000	- 2,499	10.0%
500	- 999	15.0%

If less than 500, no credibility.


(w) "SMSBP" = Standard Medicare Supplement Benefit Plan.

(x) Includes modal loadings and fees charged.

(y) Excludes Active Life Reserves.

(z) This is to be used as "Issue Year Earned Premium" for Year 1 of next year's
"Worksheet for Calculation of Benchmark Ratios."

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.



Signature

Richard Waggoner, FSA, MAAA
Name

Actuary
Title

5/6/2009
Date

REPORTING FORM FOR THE CALCULATION
OF BENCHMARK RATIO SINCE INCEPTION FOR
INDIVIDUAL POLICIES FOR CALENDAR YEAR 2008

Type	Individual	SMSBP (w)	D
Delivered or Issued for Delivery in	Arkansas		
Company Name	American Continental Insurance Company		
NAIC Group Code	4011	NAIC Company Code	12321
Address	101 Continental Place, Brentwood, Tennessee 37027		
Person Completing This Exhibit	Richard Waggoner, FSA, MAAA		
Title	Actuary	Telephone Number	(615) 377-1300 x7220

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)
Year	Earned Premium	Factor	(b) x (c)	Cumulative Loss Ratio	(d) x (e)	Factor	(b) x (g)	Cumulative Loss Ratio	(h) x (i)	Policy Year Loss Ratio
1	807	2.770	2,235	0.442	988	0.000	0	0.000	0	0.40
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15+		4.175		0.493		8.684		0.725		0.77
TOTAL		(k):	2,235	(l):	988	(m):	0	(n):	0	

Benchmark Ratio Since Inception (l+n)/(k+m): 0.442

(a): Year 1 is the current calendar year - 1
Year 2 is the current calendar year - 2 (etc.)
(Example: If the current year is 1991, then:
Year 1 is 1990; Year 2 is 1989, etc.)

(b): For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

(o): These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for Informational purposes only.

(p): "SMSBP" = Standard Medicare Supplement Benefit Plan.

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR 2008

Type Individual SMSBP (w) F
 Delivered or Issued for Delivery in Arkansas
 Company Name American Continental Insurance Company
 NAIC Group Code 4011 NAIC Company Code 12321
 Address 101 Continental Place, Brentwood, Tennessee 37027
 Person Completing This Exhibit Richard Waggoner, FSA, MAAA
 Title Actuary Telephone Number (615) 377-1300 x7220

<u>Line</u>	(a) Earned Premium (x)	(b) Incurred Claims (y)
1. Current Year's Experience		
a. Total (all policy Years)	63,206	69,646
b. Current year's issues (z)	57,427	57,197
c. Net (for reporting purposes = line 1a - line 1b)	5,779	12,449
2. Past Years' Experience (All Policy Years)	2,772	1,128
3. Total Experience (Net Current Year plus Past Years' Experience)	8,551	13,577
4. Refunds Last Year (Excluding Interest)	0	
5. Previous Refunds Since Inception (Excluding Interest)	0	
6. Refunds Since Inception (Excluding Interest)	0	
7. Benchmark Ratio Since Inception (SEE WORKSHEET FOR RATIO 1)	0.442	
8. Experienced Ratio Since Inception		
$\frac{\text{Total Actual Incurred Claims (line 3, col. b)}}{\text{Total Earned Prem. (line 3, col. a) - Refunds Since Inception (line 6)}} = \text{Ratio 2} = \frac{13,577}{8,551} = 1.588$		
9. Life Years Exposed Since Inception	11	

If the Experience Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.

10. Tolerance Permitted (obtained from credibility table) Not Credible

11. Adjustment to Incurred Claims for Credibility

$$\text{Ratio 3} = \text{Ratio 2} + \text{Tolerance} =$$

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.

If Ratio 3 is less than the Benchmark Ratio, then proceed.

12. Adjusted Incurred Claims =

[Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6)]
x Ratio 3 (line 11)

13. Refund =

No Refund

Total Earned Premiums (line 3, col a) -
Refunds Since Inception (line 6) -
Adjusted Incurred Claims (line 12)
Benchmark Ratio (Ratio 1)

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

MEDICARE SUPPLEMENT CREDIBILITY TABLE

Life Years Exposed	
<u>Since Inception</u>	<u>Tolerance</u>
10,000 +	0.0%
5,000 - 9,999	5.0%
2,500 - 4,999	7.5%
1,000 - 2,499	10.0%
500 - 999	15.0%

If less than 500, no credibility.


(w) "SMSBP" = Standard Medicare Supplement Benefit Plan.

(x) Includes modal loadings and fees charged.

(y) Excludes Active Life Reserves.

(z) This is to be used as "Issue Year Earned Premium" for Year 1 of next year's
"Worksheet for Calculation of Benchmark Ratios."

I certify that the above information and calculations are true and accurate to the best
of my knowledge and belief.


Signature

Richard Waggoner, FSA, MAAA
Name

Actuary
Title

5/6/2009
Date

REPORTING FORM FOR THE CALCULATION
OF BENCHMARK RATIO SINCE INCEPTION FOR
INDIVIDUAL POLICIES FOR CALENDAR YEAR 2008

Type	Individual	SMSBP (w)	F
Delivered or Issued for Delivery in	Arkansas		
Company Name	American Continental Insurance Company		
NAIC Group Code	4011	NAIC Company Code	12321
Address	101 Continental Place, Brentwood, Tennessee 37027		
Person Completing This Exhibit	Richard Waggoner, FSA, MAAA		
Title	Actuary	Telephone Number	(615) 377-1300 x7220

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)
Year	Earned Premium	Factor	(b) x (c)	Cumulative Loss Ratio	(d) x (e)	Factor	(b) x (g)	Cumulative Loss Ratio	(h) x (i)	Policy Year Loss Ratio
1	2,772	2.770	7,678	0.442	3,394	0.000	0	0.000	0	0.40
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15+		4.175		0.493		8.684		0.725		0.77
TOTAL		(k):	7,678	(l):	3,394	(m):	0	(n):	0	

Benchmark Ratio Since Inception (l+n)/(k+m): 0.442

(a): Year 1 is the current calendar year - 1
Year 2 is the current calendar year - 2 (etc.)
(Example: If the current year is 1991, then:
Year 1 is 1990; Year 2 is 1989, etc.)

(b): For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

(o): These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for Informational purposes only.

(p): "SMSBP" = Standard Medicare Supplement Benefit Plan.

MEDICARE SUPPLEMENT REFUND CALCULATION FORM

FOR CALENDAR YEAR 2008

Type Individual SMSBP (w) J
 Delivered or Issued for Delivery in Arkansas
 Company Name American Continental Insurance Company
 NAIC Group Code 4011 NAIC Company Code 12321
 Address 101 Continental Place, Brentwood, Tennessee 37027
 Person Completing This Exhibit Richard Waggoner, FSA, MAAA
 Title Actuary Telephone Number (615) 377-1300 x7220

Line	(a) Earned Premium (x)	(b) Incurred Claims (y)
1. Current Year's Experience		
a. Total (all policy Years)	1,539,223	963,204
b. Current year's issues (z)	1,064,813	658,063
c. Net (for reporting purposes = line 1a - line 1b)	<u>474,410</u>	<u>305,141</u>
2. Past Years' Experience (All Policy Years)	<u>102,465</u>	<u>53,219</u>
3. Total Experience (Net Current Year plus Past Years' Experience)	<u>576,875</u>	<u>358,360</u>
4. Refunds Last Year (Excluding Interest)	0	
5. Previous Refunds Since Inception (Excluding Interest)	0	
6. Refunds Since Inception (Excluding Interest)	0	
7. Benchmark Ratio Since Inception (SEE WORKSHEET FOR RATIO 1)	0.442	
8. Experienced Ratio Since Inception		
$\frac{\text{Total Actual Incurred Claims (line 3, col. b)}}{\text{Total Earned Prem. (line 3, col. a) - Refunds Since Inception (line 6)}} = \text{Ratio 2}$		$\frac{358,360}{576,875} = 0.621$

9. Life Years Exposed Since Inception 688

If the Experience Ratio is less than the Benchmark Ratio, and there are more than 500 life years exposure, then proceed to calculation of refund.

10. Tolerance Permitted (obtained from credibility table) 0.150

11. Adjustment to Incurred Claims for Credibility

Ratio 3 = Ratio 2 + Tolerance = 0.771

If Ratio 3 is more than Benchmark Ratio (Ratio 1), a refund or credit to premium is not required.

If Ratio 3 is less than the Benchmark Ratio, then proceed.

12. Adjusted Incurred Claims =

[Total Earned Premiums (line 3, col a) - Refunds Since Inception (line 6)]
x Ratio 3 (line 11)

13. Refund =

No Refund

Total Earned Premiums (line 3, col a) -
Refunds Since Inception (line 6) -
Adjusted Incurred Claims (line 12)
Benchmark Ratio (Ratio 1)

If the amount on line 13 is less than .005 times the annualized premium in force as of December 31 of the reporting year, then no refund is made. Otherwise, the amount on line 13 is to be refunded or credited, and a description of the refund and/or credit against premiums to be used must be attached to this form.

MEDICARE SUPPLEMENT CREDIBILITY TABLE

Life Years Exposed	
<u>Since Inception</u>	<u>Tolerance</u>
10,000 +	0.0%
5,000 - 9,999	5.0%
2,500 - 4,999	7.5%
1,000 - 2,499	10.0%
500 - 999	15.0%

If less than 500, no credibility.

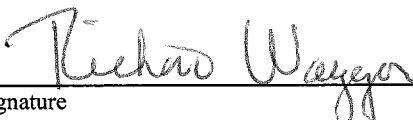
(w) "SMSBP" = Standard Medicare Supplement Benefit Plan.

(x) Includes modal loadings and fees charged.

(y) Excludes Active Life Reserves.

(z) This is to be used as "Issue Year Earned Premium" for Year 1 of next year's
"Worksheet for Calculation of Benchmark Ratios."

I certify that the above information and calculations are true and accurate to the best of my knowledge and belief.


Signature

Richard Waggoner, FSA, MAAA
Name

Actuary
Title

5/6/2009
Date

REPORTING FORM FOR THE CALCULATION
OF BENCHMARK RATIO SINCE INCEPTION FOR
INDIVIDUAL POLICIES FOR CALENDAR YEAR 2008

Type Individual SMSBP (w) J
 Delivered or Issued for Delivery in Arkansas
 Company Name American Continental Insurance Company
 NAIC Group Code 4011 NAIC Company Code 12321
 Address 101 Continental Place, Brentwood, Tennessee 37027
 Person Completing This Exhibit Richard Waggoner, FSA, MAAA
 Title Actuary Telephone Number (615) 377-1300 x7220

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(o)
	Earned			Cumulative				Cumulative		Policy
Year	Premium	Factor	(b) x (c)	Loss Ratio	(d) x (e)	Factor	(b) x (g)	Loss Ratio	(h) x (i)	Year Loss Ratio
1	102,465	2.770	283,828	0.442	125,452	0.000	0	0.000	0	0.40
2		4.175		0.493		0.000		0.000		0.55
3		4.175		0.493		1.194		0.659		0.65
4		4.175		0.493		2.245		0.669		0.67
5		4.175		0.493		3.170		0.678		0.69
6		4.175		0.493		3.998		0.686		0.71
7		4.175		0.493		4.754		0.695		0.73
8		4.175		0.493		5.445		0.702		0.75
9		4.175		0.493		6.075		0.708		0.76
10		4.175		0.493		6.650		0.713		0.76
11		4.175		0.493		7.176		0.717		0.76
12		4.175		0.493		7.655		0.720		0.77
13		4.175		0.493		8.093		0.723		0.77
14		4.175		0.493		8.493		0.725		0.77
15+		4.175		0.493		8.684		0.725		0.77
TOTAL		(k):	283,828	(l):	125,452	(m):	0	(n):	0	

Benchmark Ratio Since Inception (l+n)/(k+m): 0.442

(a): Year 1 is the current calendar year - 1
 Year 2 is the current calendar year - 2 (etc.)
 (Example: If the current year is 1991, then:
 Year 1 is 1990; Year 2 is 1989, etc.)

(b): For the calendar year on the appropriate line in column (a), the premium earned during that year for policies issued in that year.

(o): These loss ratios are not explicitly used in computing the benchmark loss ratios. They are the loss ratios, on a policy year basis, which result in the cumulative loss ratios displayed on this worksheet. They are shown here for Informational purposes only.

(p): "SMSBP" = Standard Medicare Supplement Benefit Plan.